

**Municipality Of Chatham-Kent**

**Office of the CAO**

**Legal Services**

**To:** Mayor and Members of Council  
**From:** Nicholas Loeb, Solicitor  
**Date:** April 14, 2021  
**Subject:** Award of RFP R21-185 – Insurance Brokerage Services

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**Recommendations**

It is recommended that:

1. The award of R21-185 – Insurance Brokerage Services to Programmed Insurance Brokers be approved.
2. The Director, Legal Services be authorized to sign any contract or other documents necessary for the purpose of the award.

**Background**

The Municipality requires insurance brokerage services for variety of advice and practical services that include, but are not limited to:

- Acting as the Municipality's insurance broker and consultant;
- Securing insurance coverage from markets as may be required;
- Reviewing risk exposures to accidental loss and assessing existing and proposed insurance coverage;
- Obtaining and providing Certificates of Insurance;
- Providing detailed annual analysis and recommendations for insurance renewals;
- Assisting the Municipality with its Requests for Proposal for insurance coverage;
- Assisting in assessing the Municipality's risk exposures;
- Advising the Municipality of trends and changes in the insurance marketplace;
- Reviewing insurance policies to provide the Municipality with advice related to coverage;
- Assisting with claims reporting procedures to insurers, and assisting with claims management as required;
- Working with the Municipality's insurer to perform inspections and assessments for significant assets;

The currently in-force contract for the Municipality's insurance broker ends on May 31, 2021.

The Municipality has an in-house Litigation and Insurance group within Legal Services that handles claims and litigation below the Municipality's deductible of \$250,000 (for most claims) that provides significant cost-savings to the Municipality. The insurance broker services support the Litigation and Insurance group in their work.

Having regard to term of the current insurance broker imminently ending and the requirement for the services, Legal Services issued a request for proposal, R21-185 for Insurance Brokerage Services (the "RFP"). The Municipality's current insurer for most insurance products is Frank Cowan Company ("FCCL"). The Municipality structures its insurance program with the result that FCCL pays the insurance broker for the Municipality directly in accordance with its own FCCL brokerage fee policies. There is no direct cost to the Municipality.

### **Comments**

Four proposals were received by the Purchasing Officer in response to the RFP. One proposal was determined to be non-compliant with the RFP because it was a proposal for the wrong type of insurance brokerage services, relating to employee health benefit insurance and pension brokering. As a result it was not scored.

The three remaining bids were scored on the following basis:

<b>Broker Complement, Staff and Service Delivery</b>	<b>15%</b>
<b>Market Sources</b>	<b>15%</b>
<b>Public Institution Brokerage Experience</b>	<b>40%</b>
<b>Knowledge of Municipal Insurance and Risk Mitigation Needs</b>	<b>30%</b>

Within the RFP, each of the above scoring categories included a sub-set of specific information that was required from the bidders for analysis.

There was no pricing involved in this RFP and therefore Best Value was determined to be the proposal that best reflected the proposal scoring outlined above by providing detailed information as requested in the RFP.

The Proposal Review Committee consisted of Nicholas Loeb, Solicitor, Krista Urban, Litigation Investigator / Law Clerk and Matt Torrance, Director, Financial Services. Each committee member scored the three proposals. The Proposal Score is the agreed upon composite score from the committee. This Proposal Review Committee agreed upon composite scores that reflect the average of committee member scores for each proponent rounded to the nearest whole number. Because there is no payment to the insurance broker by the Municipality there is no second envelope pricing score to be weighted in conjunction with the Proposal Score.

The maximum potential score is 100. There was no minimum scoring threshold. The following are the results of the Proposal Review Committees composite score:

<b>Proponent</b>	<b>Final Score</b>
Programmed Insurance Brokers Inc.	93
McDougall Insurance	77
JMHI Insurance Group Inc.	39

The Proposal Review Committee determined that because the Programmed Insurance Brokers score was definitively higher than the other proposals it was not necessary to take any further discretionary steps for supplementary information, clarification, optional short-list or interviews.

The Programmed Insurance Brokers proposal was particularly impressive for its detailed description of the service delivery they intend to provide. A similarly high level of detail was provided to demonstrate their knowledge of municipal risk and mitigation strategies.

The Programmed Insurance Brokers proposal did the best job in describing step by step how it would provide the services that the RFP identified as being important and how those steps served to meet Chatham-Kent's needs.

Further, Programmed Insurance Brokers has significant experience in the area of public institution insurance brokerage services that includes municipalities.

The Proposal Review Committee is accordingly recommending approval of the award of the RFP to the Programmed Insurance Brokers.

### **Areas of Strategic Focus and Critical Success Factors**

The recommendation(s) in this report support the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

**Consultation**

The Purchasing Officer was consulted on this report.

**Financial Implications**

There are no financial implications from the recommendations in this report. The broker is paid directly by the Municipality's insurer in accordance with their brokerage fee policies.

Prepared by:

Reviewed by:

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Nicholas Loeb, *BSoSc., J.D.*  
Solicitor

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David V. Taylor  
Director, Legal Services

Consulted:

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Jennifer Scherle  
Purchasing Officer

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